

**Item 1**

**Cover Page**

# **Steginsky Capital LLC**

SEC File Number: 801 – 57377

**ADV Part 2A, Brochure**

**Dated: March 28, 2018**

**Contact: Andrew Steginsky, Chief Compliance Officer  
60 Madison Ave, Suite 1026  
New York, New York 10010  
[www.steginsky.com](http://www.steginsky.com)**

**This Brochure provides information about the qualifications and business practices of Steginsky Capital LLC (the “Registrant”). If you have any questions about the contents of this Brochure, please contact us at (212) 683-1700 or [andrew@steginsky.com](mailto:andrew@steginsky.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Additional information about Steginsky Capital LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**References herein to Steginsky Capital LLC as a “registered investment adviser” or any reference to being “registered”, does not imply a certain level of skill or training.**

## **Item 2           Material Changes**

There have been no material changes to this ADV Part 2A, Brochure since the previous Annual Amendment filing on March 29, 2017. Although not material, this Brochure has been amended since that time to incorporate additions and enhancements at Items 4, 12, and 14, including disclosure regarding economic benefits. at Item 4 to disclose the firm's status as a fiduciary in certain instances under the Department of Labor's Fiduciary Rule.

**ANY QUESTIONS: The Registrant's Chief Compliance Officer, Andrew Steginsky, remains available to address any questions that a client or prospective client may have regarding this ADV Part 2A, Brochure.**

## **Item 3           Table of Contents**

Item 1	Cover Page.....	1
Item 2	Material Changes.....	2
Item 3	Table of Contents.....	2
	Introduction .....	3
Item 4	Advisory Business .....	4
Item 5	Fees and Compensation .....	7
Item 6	Performance-Based Fees and Side-by-Side Management .....	8
Item 7	Types of Clients.....	8
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss.....	10
Item 9	Disciplinary Information .....	11
Item 10	Other Financial Industry Activities and Affiliations .....	11
Item 11	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	11
Item 12	Brokerage Practices .....	12
Item 13	Review of Accounts.....	14
Item 14	Client Referrals and Other Compensation .....	14
Item 15	Custody.....	15
Item 16	Investment Discretion.....	15
Item 17	Voting Client Securities.....	16
Item 18	Financial Information .....	16

## INTRODUCTION

*Steginsky Capital, a SEC registered investment advisor, was formed in March 2000, by its founder, Andrew Steginsky.*

*Our organization is able to provide the services needed to meet the personal money management requirements tailored for each of our clients. Our worldwide client base consists of high net-worth individuals, trusts & endowments, corporate pension & profit sharing plans, and individual retirement plans.*

*Our team of professionals average over 30 years experience on Wall Street managing the assets of affluent clients and researching investment opportunities. We pride ourselves on our one-on-one accessibility and attentive service resulting in longstanding personal client relationships that often involve many generations.*

#### **Item 4            Advisory Business**

- A. Steginsky Capital LLC (the “Registrant”) is a limited liability company formed on February 22, 2000 in the state of New Jersey. The Registrant became registered as an Investment Adviser in March, 2000. The Registrant is owned by Andrew Steginsky. Mr. Steginsky is the Registrant’s Managing Member.
- B. As discussed below, the Registrant offers to its clients (currently: individuals, high net worth individuals, business entities, trusts, estates and charitable organizations) investment advisory services. The Registrant does not hold itself out as providing financial planning services. However, to the extent specifically requested by client, the Registrant, upon occasion, may provide limited consulting services.

#### **INVESTMENT ADVISORY SERVICES**

The client can determine to engage the Registrant to provide discretionary investment advisory services on a *fee-only* basis. The Registrant’s annual investment advisory fee is based upon a percentage (%) of the market value of the assets placed under the Registrant’s management. Before engaging the Registrant to provide investment advisory services, clients are required to enter into an Investment Advisory Agreement with Registrant setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the fee that is due from the client.

Before Registrant provides investment advisory services, an investment adviser representative will ascertain each client’s investment objectives. The Registrant will then allocate and/or recommend that the client allocate investment assets consistent with the designated investment objectives. Once allocated, the Registrant provides ongoing monitoring and review of account performance and asset allocation as compared to client investment objectives, and may periodically execute account transactions based upon such reviews.

#### **MISCELLANEOUS**

**Limitations of Consulting/Implementation Services.** Although the Registrant does not hold itself out as providing financial planning, estate planning or accounting services, to the extent specifically requested by the client, the Registrant, upon occasion, may provide limited consultation services to its investment management clients on investment and non-investment related matters, such as estate planning, tax planning, insurance, etc. Registrant shall not receive any separate or additional fee for any such consultation services. Neither the Registrant, nor any of its representatives, serves as an attorney, accountant, or licensed insurance agent, and no portion of the Registrant’s services should be construed as legal, accounting, or insurance implementation services. Accordingly, the Registrant does not prepare estate planning documents, tax

returns, or sell insurance products. To the extent requested by a client, the Registrant may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.). The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from the Registrant. **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional.

**Limitation of Registrant's Investment Management Services.** While the Registrant may provide investment advice regarding many different types of investments, the client's managed account will normally contain a relatively small number of securities positions and may not constitute a fully diversified or balanced portfolio that is suitable for investment of all of the client's assets (the account will generally not contain fixed-income investments). The Registrant shall manage the account without consideration for the other investment assets or accounts that the client may have or maintain away from the Registrant. In addition, the Registrant's service is limited to the management of the account and does not include financial planning or any other related or unrelated consulting services.

**ERISA / IRC Fiduciary Acknowledgment.** If the client is: (i) a retirement plan ("Plan") organized under the Employee Retirement Income Security Act of 1974 ("ERISA"); (ii) a participant or beneficiary of a Plan subject to Title I of ERISA or described in section 4975(e)(1)(A) of the Internal Revenue Code, with authority to direct the investment of assets in his or her Plan account or to take a distribution; (iii) the beneficial owner of an Individual Retirement Account ("IRA") acting on behalf of the IRA; or (iv) a Retail Fiduciary with respect to a plan subject to Title I of ERISA or described in section 4975(e)(1)(A) of the Internal Revenue Code: then Registrant represents that it and its representatives are fiduciaries under ERISA or the Internal Revenue Code, or both, with respect to any investment advice provided by Registrant or its representatives or with respect to any investment recommendations regarding an ERISA Plan or participant or beneficiary account.

**Trade Error Policy.** Registrant shall reimburse accounts for losses resulting from the Registrant's trade errors, but shall not credit accounts for such errors resulting in market gains. The gains and losses are reconciled within the Registrant's custodian firm account and Registrant retains the net gains and losses.

**Client Obligations.** In performing its services, Registrant shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains their responsibility to promptly notify the Registrant if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising Registrant's previous recommendations and/or services.

**Disclosure Statement.** A copy of the Registrant's written disclosure statement as set forth on Part 2 of Form ADV shall be provided to each client prior to, or contemporaneously with, the execution of the Investment Advisory Agreement.

**Investment Risk.** Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by Registrant) will be profitable or equal any specific performance level(s).

**Portfolio Activity.** Registrant has a fiduciary duty to provide services consistent with the client's best interest. As part of its investment advisory services, Registrant will review client portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, including but not limited to investment performance, financial circumstances, and changes in the client's investment objectives. Based upon these and other factors, there may be extended periods of time when Registrant determines that changes to a client's portfolio are neither necessary nor prudent. Notwithstanding, there can be no assurance that investment decisions made by Registrant will be profitable or equal any specific performance level(s).

**Cash Positions.** Depending upon perceived or anticipated market conditions/events (there being no guarantee that such anticipated market conditions/events will occur), the Registrant may maintain cash and cash equivalent positions (such as money market funds) for defensive and liquidity purposes. Unless otherwise agreed in writing, all such cash positions are included as part of assets under management for purposes of calculating the Registrant's advisory fee.

- C. The Registrant shall provide investment advisory services specific to the needs of each client. Before providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, the Registrant shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at any time, impose reasonable restrictions, in writing, on the Registrant's services.
- D. The Registrant does not participate in a wrap fee program.

- E. As of December 31, 2017, the Registrant had \$132,867,489 in assets under management on a discretionary basis.

## **Item 5 Fees and Compensation**

- A. The client can determine to engage the Registrant to provide discretionary investment advisory services on a *fee-only* basis.

### **INVESTMENT ADVISORY SERVICES**

If a client determines to engage the Registrant to provide discretionary investment advisory services on a negotiable *fee-only* basis, the Registrant's annual investment advisory fee shall generally be based upon a percentage (%) of the market value and type of assets placed under the Registrant's management (between 0.50% and 1.00%) as follows:

<u>Market Value of Portfolio</u>	<u>% of Assets</u>
0 - \$2,500,000	1.00%
\$2,500,001 - \$25,000,000	0.75%
Above \$25,000,000	0.50%

- B. Clients may elect to have the Registrant's advisory fees deducted from their custodial account. Both Registrant's Investment Advisory Agreement and the custodial/ clearing agreement may authorize the custodian to debit the account for the amount of the Registrant's investment advisory fee and to directly remit that management fee to the Registrant in compliance with regulatory procedures. In the limited event that the Registrant bills the client directly, payment is due upon receipt of the Registrant's invoice. The Registrant shall deduct fees and/or bill clients quarterly in advance, based upon the market value of the assets on the last business day of the previous quarter.
- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, the Registrant shall generally recommend that Pershing Advisor Solutions LLC, ("*Pershing*") serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as *Pershing* charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and fixed-income securities transactions). In addition to Registrant's investment management fee, brokerage commissions and/or transaction fees, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses). The fees charged by the applicable broker-dealer/custodian, and the charges imposed at the fund level, are in addition to Registrant's investment advisory fees referenced in this Item 5.

- D. Registrant's annual investment advisory fee shall be prorated and paid quarterly, in advance, based upon the market value of the assets on the last business day of the previous quarter. If a client contributes securities or cash to the account after the beginning of a quarter, an additional investment management fee will be charged on the new assets, on a pro-rata basis, for the remaining days in the quarter. The fee will be calculated based on the market value of the assets on the day of, and giving effect to, additional contribution. It will take into account any breaking points applicable to the new market value and will be payable on the day the additional contribution is received. If a client withdraws more than 10% of the market value of the account after the beginning of a quarter, the Registrant will refund a pro-rated portion of the prepaid fee based on the number of days remaining in the quarter and the percentage of the withdrawal to the value of account as of the close of business on the business day prior to the withdrawal. Refunds less than \$500 may be credited to the next quarter's advisory fee.

The Investment Advisory Agreement between the Registrant and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the Investment Advisory Agreement. Upon termination, the Registrant shall refund the pro-rated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter.

- E. Neither the Registrant, nor its representatives accept compensation from the sale of securities or other investment products.

## **Item 6                      Performance-Based Fees and Side-by-Side Management**

Neither the Registrant nor any supervised person of the Registrant accepts performance-based fees.

## **Item 7                      Types of Clients**

The Registrant's clients shall generally include: individuals, high net worth individuals, business entities, trusts, estates and charitable organizations. The Registrant does not generally require an annual minimum fee or asset level for investment advisory services. Registrant, in its sole discretion, may charge a lesser investment management fee based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.). Neither the Registrant nor any supervised person of the Registrant accepts performance-based fees.



# INVESTING PHILOSOPHY

*“Volatility in the stock market does not disturb us. In fact, we embrace volatility as one of the reasons for the wealth building power of the market.”*

## **WE INVEST ...**

### **WITH FIRST CLASS ENTREPRENEURS**

*Their vision, boldness and passion for excellence inspire organizations to greatness. They are the lifeblood of corporate growth which is the basis for the creation of shareholder wealth.*

### **FOR THE LONG TERM**

*Corporate growth can be slow and uneven, yet the compounded effect over a long period of time substantially rewards the patient investor.*

### **WITH CONVICTION**

*We invest in only 9 or 10 companies. This intensely focused approach assures us the highest level of investment conviction and commitment.*

### **IN VALUE**

*We favor stocks with meaningful cash flow and when the shares are priced at a discount to their true value. Our approach is intended to minimize risk in weak markets without compromising long term growth objectives*

## **Item 8            Methods of Analysis, Investment Strategies and Risk of Loss**

- A. The Registrant generally utilizes a “Fundamental” method of securities analysis, which is analysis performed on historical and present data, with the goal of making financial forecasts.

The Registrant generally utilizes “Long Term Purchases” (securities held at least a year) as its primary investment strategy when implementing investment advice given to clients. The client’s managed account will normally contain a relatively small number of securities positions and may not constitute a fully diversified or balanced portfolio that is suitable for investment of all of the client’s assets (the account will generally not contain fixed-income investments). The Registrant shall manage the account without consideration for the other investment assets or accounts that the client may have or maintain away from the Registrant.

**Please Note: Investment Risk.** Investing in securities involves risk of loss that clients should be prepared to bear, including the complete loss of principal investment. Past performance may not be indicative of future results. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by Registrant) will be profitable or equal any specific performance level(s).

- B. The Registrant’s methods of analysis and investment strategies do not present any significant or unusual risks. However, every method of analysis has its own inherent risks. To perform an accurate market analysis the Registrant must have access to current/new market information. The Registrant has no control over the dissemination rate of market information; therefore, unbeknownst to the Registrant, certain analyses may be compiled with outdated market information, severely limiting the value of the Registrant’s analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

The Registrant’s primary investment strategy - Long Term Purchases- is a fundamental investment strategy. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy. As noted above, the Registrant utilizes long term purchases as an investment strategy.

- C. Currently, the Registrant primarily allocates client investment assets among various individual equity securities, on a discretionary basis in accordance with the client’s designated investment objective(s).

**Item 9            Disciplinary Information**

The Registrant has not been the subject of any disciplinary actions.

**Item 10           Other Financial Industry Activities and Affiliations**

- A. Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker- dealer.
- B. Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C. The Registrant has no other relationship or arrangement with a related person that is material to its advisory business.
- D. The Registrant does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

**Item 11           Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

- A. The Registrant maintains an investment policy relative to personal securities transactions. This investment policy is part of Registrant's overall Code of Ethics, which serves to establish a standard of business conduct for all of Registrant's Representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request. In accordance with Section 204A of the Investment Advisers Act of 1940, the Registrant also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by the Registrant or any person associated with the Registrant.
- B. Neither the Registrant nor any related person of Registrant recommends, buys, or sells for client accounts, securities in which the Registrant or any related person of Registrant has a material financial interest.
- C. The Registrant and/or representatives of the Registrant *may* buy or sell securities that are also recommended to clients. This practice may create a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation presents a conflict of interest. Practices such as "scalping" (i.e. a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if the Registrant did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, "front-running" (i.e. personal trades executed prior to those of the Registrant's clients) and other potentially abusive practices.

The Registrant has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of the Registrant's "Access Persons." The Registrant's securities transaction policy requires that an Access Person of

the Registrant must provide the Chief Compliance Officer or a designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or a designee with a written report of the Access Person's current securities holdings at least once each twelve (12) month period thereafter on a date the Registrant selects; provided, however that at any time that the Registrant has only one Access Person, he or she shall not be required to submit any securities report described above.

- D. The Registrant and/or representatives of the Registrant *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation presents a conflict of interest. As indicated above in Item 11.C, the Registrant has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Registrant's Access Persons.

## **Item 12 Brokerage Practices**

- A. In the event that the client requests that the Registrant recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct the Registrant to use a specific broker-dealer/custodian), Registrant generally recommends that investment management accounts be maintained with *Pershing*. Before engaging Registrant to provide investment management services, the client will be required to enter into a formal Investment Advisory Agreement with Registrant setting forth the terms and conditions under which Registrant shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that the Registrant considers in recommending *Pershing* (or any other broker-dealer/custodian to clients) include historical relationship with the Registrant, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Registrant's clients shall comply with the Registrant's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where the Registrant determines, in good faith, that the commission/transaction fee is reasonable. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Registrant will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Registrant's investment management fee. The Registrant's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

1. Research and Additional Benefits. Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Registrant receives from *Pershing* (or could receive from another broker-dealer/custodian, investment platform, unaffiliated investment

manager, product/fund sponsor) without cost (and/or at a discount) support services and/or products, certain of which assist the Registrant to better monitor and service client accounts maintained at such institutions. The support services that Registrant obtains can include: investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis travel and attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by Registrant in furtherance of its investment advisory business operations.

As referenced above, certain of the support services and/or products that *may* be received may assist the Registrant in managing and administering client accounts. Others do not directly provide such assistance, but rather assist the Registrant to manage and further develop its business enterprise. The receipt of these support services and products presents a conflict of interest, because the Registrant has the incentive to recommend that clients utilize *Pershing* as broker-dealer/custodian based upon its interest in continuing to receive the above-described support services and products, rather than based on a client's particular need. However, Registrant's clients do not pay more for investment transactions effected and/or assets maintained at *Pershing* as a result of this arrangement. There is no corresponding commitment made by the Registrant to *Pershing* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangement. **The Registrant's Chief Compliance Officer, Andrew Steginsky, remains available to address any questions that a client or prospective client may have regarding the above arrangement and the conflict of interest presented.**

2. The Registrant does not receive referrals from broker-dealers.

3. Directed Brokerage.

The Registrant does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Registrant will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Registrant. As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

**Please Note:** In the event that the client directs Registrant to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Registrant. Higher transaction costs adversely impact account performance. **Please Also Note:** Transactions for directed accounts will generally be executed following the execution of portfolio transactions for non-directed accounts. **The Registrant's Chief Compliance Officer, Andrew**

**Steginsky, remains available to address any questions that a client or prospective client may have regarding the above arrangement.**

- B. To the extent that the Registrant provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless the Registrant decides to purchase or sell the same securities for several clients at approximately the same time. The Registrant may (but is not obligated to) combine or “bunch” such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Registrant’s clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. The Registrant shall not receive any additional compensation or remuneration as a result of such aggregation.

### **Item 13          Review of Accounts**

- A. For those clients to whom Registrant provides investment supervisory services, account reviews are conducted on an ongoing basis by the Registrant's Principals and/or representatives. All investment supervisory clients are advised that it remains their responsibility to advise the Registrant of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with the Registrant on an annual basis.
- B. The Registrant *may* conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker- dealer/custodian and/or program sponsor for the client accounts. The Registrant may also provide a written periodic report summarizing account activity and performance.

### **Item 14          Client Referrals and Other Compensation**

- A. As referenced in Item 12.A.1 above, the Registrant receives economic benefits from *Pershing* including support services and/or products without cost (and/or at a discount). Registrant’s clients do not pay more for investment transactions effected and/or assets maintained at *Pershing* as a result of this arrangement. There is no corresponding commitment made by the Registrant to *Pershing* or any other any entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangement. **The Registrant’s Chief Compliance Officer, Andrew Steginsky, remains available to address any questions that a client or prospective client may have regarding the above arrangement.**
- B. The Registrant does not compensate any person other than its representatives for investment advisory services.

## Item 15      Custody

The Registrant shall have the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. The Registrant may also provide a written periodic report summarizing account activity and performance.

In addition, as a result of one client engagement whereby the Registrant's principal serves in a "trustee"- like capacity, the Registrant could be deemed to have custody under Rule 206(4)-2 of the Investment Advisers Act of 1940. As a result, the Registrant has determined to indicate that it has custody on its Form ADV Part 1, Item 9. In this respect, custody is limited exclusively to the assets of the one affected client which subjects the one affected client account to an annual surprise CPA examination. At no time will the Registrant, or any person associated with the Registrant, have physical custody of any client assets, including those of the one affected client. To the contrary, at all times, assets managed by the Registrant shall be held by an independent qualified custodian (i.e., a bank, trust company or broker-dealer). **The Registrant's Chief Compliance Officer, Andrew Steginsky, remains available to address any questions regarding this limited custodial situation.**

**Please Note:** To the extent that the Registrant provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by the Registrant with the account statements received from the account custodian. **Please Also Note:** The account custodian does not verify the accuracy of the Registrant's advisory fee calculation.

## Item 16      Investment Discretion

The client can determine to engage the Registrant to provide investment advisory services on a discretionary basis. Before the Registrant assumes discretionary authority over a client's account, the client shall be required to execute an Investment Advisory Agreement, naming the Registrant as the client's attorney and agent in fact, granting the Registrant full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage the Registrant on a discretionary basis may, at any time, impose restrictions, in writing, on the Registrant's discretionary authority (i.e. limit the types / amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe the Registrant's use of margin, etc.).

## **Item 17          Voting Client Securities**

- A. Unless the client directs otherwise in writing, the Registrant is responsible for voting client proxies relative to assets that the Registrant manages. However, the client shall maintain exclusive responsibility for all legal proceedings or other type events pertaining to the account assets, including, but not limited to, class action lawsuits.). The Registrant shall vote proxies in accordance with its Proxy Voting Policy, a copy of which is available upon request. The Registrant shall monitor corporate actions of individual issuers and investment companies consistent with the Registrant's fiduciary duty to vote proxies in the best interests of its clients. Although the factors which Registrant will consider when determining how it will vote differ on a case by case basis, they may, but are not limited to include a review of: recommendations from issuer management, shareholder proposals, cost effects of such proposals, effect on employees and executive and director compensation. With respect to individual issuers, the Registrant may be solicited to vote on matters including corporate governance, adoption or amendments to compensation plans (including stock options), and matters involving social issues and corporate responsibility. With respect to investment companies (e.g., mutual funds), the Registrant may be solicited to vote on matters including the approval of advisory contracts, distribution plans, and mergers. The Registrant shall maintain records pertaining to proxy voting as required pursuant to Rule 204-2 (c)(2) under the Advisers Act. Copies of Rules 206(4)-6 and 204-2(c)(2) are available upon written request. In addition, information pertaining to how the Registrant voted on any specific proxy issue is also available upon written request. Requests should be made by contacting the Registrant's Chief Compliance Officer, Andrew Steginsky.
- B. This item is not applicable because as set forth in Item 17.A immediately above, Registrant votes client proxies.

## **Item 18          Financial Information**

- A. The Registrant does not solicit fees of more than \$1,200, per client, six months or more in advance.
- B. The Registrant is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. The Registrant has not been the subject of a bankruptcy petition.

**ANY QUESTIONS: The Registrant's Chief Compliance Officer, Andrew Steginsky, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.**